


Honorable Hilary L. Barnes
United States Bankruptcy Judge



Entered on Docket
December 31, 2024

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

CAREER COLLEGES, INC.

Debtor.

Case No. 24-50132-hlb
Chapter 7

**ORDER APPROVING STIPULATION
RESOLVING OBJECTION TO CLAIM 14
AND MOTION FOR TURNOVER**

The Court reviewed and considered the STIPULATION RESOLVING OBJECTION TO CLAIM 14 AND MOTION FOR TURNOVER [ECF #73] (the “Stipulation”).

Good cause appearing,

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IT IS HEREBY ORDERED:

1. The Stipulation, attached hereto as Exhibit 1, is approved.
2. Proof of claim 14 filed by Tuition Options LLC shall be an allowed claim as follows: \$210,000 secured and \$308,248.30 unsecured.
3. The Trustee shall file a notice of abandonment of the remaining RIC receivables to the Creditor, on the basis that they are the Creditor's secured collateral, using the local rules for negative notice of abandonment.
4. The Trustee's objection entitled OBJECTION TO CLAIM NO. 14 and MOTION FOR TURNOVER [ECF #53] is deemed withdrawn (because the Stipulation resolves that objection), and the hearing on this item, currently set for January 8, 2025 at 2:30 p.m., shall be vacated.

IT IS SO ORDERED.

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Respectfully submitted by:

By: /s/ Robert Atkinson
ROBERT E. ATKINSON, ESQ.
Nevada Bar No. 9958
Attorney for Christopher P. Burke, Trustee

EXHIBIT 1
to
ORDER

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**UNITED STATES BANKRUPTCY COURT
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In re:

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Chapter 7

**STIPULATION RESOLVING
OBJECTION TO CLAIM 14 AND
MOTION FOR TURNOVER**

CHRISTOPHER P. BURKE, the chapter 7 trustee of the above-captioned bankruptcy estate (“**Trustee**”) and claimant TUITION OPTIONS LLC (“**Creditor**”) hereby stipulate and agree as follows:

WHEREAS, pre-bankruptcy, the above-captioned debtor (“**Debtor**”) operated a college focused on technical careers, such as welding. Students paid tuition and associated costs to Debtor in exchange for the education rendered; and

WHEREAS, many of the Debtor’s students paid their tuition using student loans, self-financed by the Debtor; however, Debtor is not a financial institution, so the student loans were technically not loans, but instead were retail installment contracts (“**RICs**”); and

WHEREAS, Creditor is a servicer of student loans/RICs; and

WHEREAS, on July 19, 2023, Creditor and the Debtor entered into a loan agreement for which the Creditor provided Debtor with a loan in the principal amount of \$600,000 (“**Loan**”); and

WHEREAS, on or about July 19, 2023, the Debtor and Creditor entered into a security agreement (“**Security Agreement**”), whereby Debtor pledged its RIC receivables as collateral for the Loan; and

1 WHEREAS, Section 7(b) of the Security Agreement states that Debtor authorizes
2 Creditor to file a UCC-1 in order to perfect the security interest; and

3 WHEREAS, Creditor filed a UCC-1 on February 12, 2024; and

4 WHEREAS, on or about July 31, 2024, Creditor and Debtor entered into a servicing
5 agreement (“Servicing Agreement”) in which Creditor became the student loan/RICs servicer
6 for Debtor; and

7 WHEREAS, pursuant to the Servicing Agreement, Creditor serviced and collected
8 accounts receivables from students due on the RICs, and forwards the proceeds to Debtor less
9 Creditor’s fees and other amounts to which Creditor is entitled pursuant to the terms of the
10 Servicing Agreement; and

11 WHEREAS, on February 9, 2024 (“Petition Date”), Debtor filed this bankruptcy case;
12 and

13 WHEREAS, on June 11, 2024, Creditor filed proof of claim 14 in this bankruptcy case
14 (“Claim 14”) in the amount of \$518,248.30, as a secured claim; and

15 WHEREAS, post-petition, Creditor has collected approximately \$140,000 in Debtor’s
16 RIC receivables; and

17 WHEREAS, applying the post-petition amounts collected against the Petition Date loan
18 balance (but excluding post-petition interest), Creditor is still owed approximately \$378,000;
19 and

20 WHEREAS, on October 15, 2024, the Trustee filed an objection to claim 14
21 (“Objection”), objecting to the security interest claimed by Creditor (on the basis that it was not
22 perfected via a pre-petition UCC-1); and furthermore seeking turnover of all amounts collected
23 post-petition by Creditor; and

24 WHEREAS, Creditor notes that it is in possession of the collateral, and therefore asserts
25 that it is perfected under New Jersey law; and

26 WHEREAS, Creditor further provided information to the Trustee that the remaining RIC
27 portfolio is worth only an estimated \$77,000; and
28

1 WHEREAS, based on the information provided, the Trustee and Creditor have reached a
2 resolution of the Objection, on the terms contained below; and

3 WHEREAS, the Trustee concurs that the secured portion of the filed Claim 14 is equal
4 to \$210,000 ($=\$140,000 + \$77,000$), and that the remaining portion of Claim 14 (\$308,248.30)
5 is unsecured;

6 **THEREFORE**, the parties hereto hereby stipulate as follows:

7 1. Claim 14 shall be an allowed claim as follows: \$210,000 secured and \$308,248.30
8 unsecured.

9 2. The Trustee shall file a notice of abandonment of the remaining RIC receivables to
10 the Creditor, on the basis that they are the Creditor's secured collateral, using the local rules for
11 negative notice of abandonment.

12 **IT IS SO STIPULATED.**

13 # # # # #
14

15 DATED: December 31, 2024

ARCHER & GREINER, P.C.

17 By: /s/ Harrison Breakstone
18 HARRISON H.D. BREAKSTONE, ESQ.
19 *Attorney for Claimant*

20 DATED: December 31, 2024

ATKINSON LAW ASSOCIATES LTD.

21 By: /s/ Robert Atkinson
22 ROBERT E. ATKINSON, ESQ.
23 *Attorney for Christopher P. Burke, Trustee*
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